RICH DAD®

10 STEPS TO INVESTING

HOW TO GET STARTED

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Second Chance
for Your Money, Your Life, and Our World

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GETTING STARTED

The reason for financial education is a thing called peace of mind. Peace of mind is very simply having the knowledge and having the experience to handle whatever the world and life hands you. Whatever happens, whether the markets are up, the markets are down, the dollar's going up, the dollar's going down, you will be able to handle it. I hate worrying about money. I hate worrying about paying my bills. I like to sleep well at night and so I want happiness and financial peace of mind.

STEP #1

It's all About the Attitude

Step #1 is all about attitude. It's what you say to yourself. People often hear the words "entrepreneurship and investing" and immediately get intimidated. It's overwhelming. "Oh my God there's so much information, it's so complicated, everybody's using jargon and throwing out all this information. It becomes almost unbearable.

I know when I started out it seemed overwhelming to me, so I had to check on my attitude. Many of you are saying—just like I did:

- "Oh I don't have the time,"
- "No, I don't want to read that book,"
- "No, I'm not going to study that newsletter,"
- "No, I'm just not interested in investing,"
- "I don't have the time,"
- "It's too much work,"
- "It's just too hard,"
- "I'm just not good with numbers."

Now, if that's your attitude and that's what you're saying to yourself, and you are not willing to change those thoughts and attitudes, then I'm going to guarantee you right now that you do not want to read any further. This book will not do you any good if you do not have the right attitude.

All the negative thoughts that we say to ourselves, and I do it myself, are all just excuses. Often, I make up an excuse because it just seems easier. It seems more comfortable. The reality is that the negative

attitude is what keeps me from growing. The negative attitude keeps me stuck in my own, imaginary limitations. The negative attitude has to go.

There's a great, great book called, *As A Man Thinketh* by James Allen. In it he said, "A person cannot directly choose his or her circumstances, but he or she can choose their thoughts. And so, indirectly, surely shape his or her circumstances." What he is saying is that your thoughts create your future. Your thoughts create your reality. What you say to yourself and believe becomes true in your life.

I believe that if you say, "I can't," well, then you can't. If you say, "It's too much work," then it's going to be too much work. If you say, "I don't have the time," then you're not going find the time. If starting a business or investing is not a priority to you, then you are going come up with every excuse in the world of why you cannot do it.

Step #1 is to develop the attitude where your business and investing is a priority. Robert's rich dad said, "Money may not be the most important thing in the world but it affects everything that is important." He's right. Money affects your health, your children's education, your education, your standard of living, and for many of us, it affects our self-esteem.

We're talking about making your future a priority. There's so much insecurity in the world, but you can make your life secure. You can make your life secure by taking charge of your financial life.

You can create the peace of mind that you want no matter what the markets are doing. The first step to success is to have the "can do" attitude. You must create the attitude and the mindset that will allow you to succeed.

Carol Dweck wrote a book called *Mindset*. She argues that there are two different mindsets.

The first mindset is called the "fixed" mindset. A person with a fixed mindset believes that their personality, their intelligence, and their talents, are carved in stone. You are born with them. They do not change. You cannot improve them. You cannot make them better.

To a person with a fixed mindset, success is defined though validation of who they are. These people have to prove that they are smart. These people believe they've only got so much smarts; they've only got so much talent. The fixed mindset forces people to keep proving to themselves how smart and talented they are. They must keep validating and saying, "See how smart I am." That's a fixed mindset.

Then there is the second mindset. This mindset is called the "growth" mindset. A person with a growth mindset believes that their qualities, their traits, their character, can change and grow through experience and through effort. These people who believe in the growth mindset seek to stretch themselves and take on challenges.

The growth mindset encourages learning because learning is growing. This mindset allows one to not be afraid of making mistakes because they realize that making a mistake is how we learn and how we grow.

Their definition of success is based on developing yourself. Success is stretching yourself to learn.

To those with a fixed mindset, failure is making a mistake. Failure is being rejected. Failure shows that they are not as smart as they thought they were and it threatens their very existence. They're actually terrified of making a mistake so they do not grow.

To the growth mindset, failure is a way towards growing. Failure is a lesson helping to fulfill your true potential. If you're not growing, then you're not learning. The growth mindset wants to learn and grow from their experiences and their mistakes.

There was a study done where children were given a puzzle to do. All the children completed the puzzle successfully. The children were then given the choice to do the same puzzle again or to do a more challenging puzzle. The children with a fixed mindset chose to do the same puzzle again because they knew that they would be successful. They knew they would not fail so they chose the same puzzle again. The children with the growth mindset asked for the new puzzle. They wanted to see if they could conquer the new challenge and learn something new. That's one of the key differences.

There's a story about a college student who was late for class. She came running into class very late and saw three problems on the board. She quickly wrote down the three problems and she ran out of the room. The next week she returned to class and said, "Gosh, those were really tough problems." She goes on, "You know it took a lot of effort but I figured it out. I got the answers." The professor looked at her and said, "Well, that's pretty interesting because these are three problems that have never been solved before."

This student did not know that these problems had never been solved before. She had a growth mindset. She had a mindset that said, "let me take on the challenge, let me see if I can do it," and that's what she did.

In the world of business and investing, you've got to have the attitude that you want to learn and that you want to grow. You've also got to accept that making mistakes is part of the process. Making mistakes is not a big deal. Sometimes you win; sometimes you lose. These mistakes are knowledge and lessons and make you smarter. The smarter you are with your money the greater your odds are for success.

The real key about attitude is to listen to what you say to yourself. What you say to yourself and what you believe is the most powerful tool you've got. Step #1 is to adopt the attitude that will support you succeeding; adopt the attitude and mindset where you want to learn and you want to grow.

A quote by James Allen of *As A Man Thinketh*: "All that a person achieves and all that he or she fails to achieve is the direct result of his or her own thoughts." Be in control of your thoughts so you can be in control of your financial life.

STEP #2

Ask Yourself Where You are Today

Figure out where you are financially and where you want to go. Take a good long look at where you are today: a strong, honest look. I say strong, *honest* look because it's so easy to lie to ourselves about where we are financially. It was for me.

When Robert and I were starting out, we were very broke. We had very little money coming in and had a lot of money going out. So we hired Betty the bookkeeper. I know that sounds counter intuitive. Bookkeepers cost money! But before we could really seriously look at starting a business, we had to first know where we stood.

The real purpose of Betty the bookkeeper was to keep us honest. We had a plan we wanted to achieve, but it was very difficult to get there until we figured out where we were financially. Twice a month Betty and I would sit down and I would stare those numbers straight in the face. I had to look at these unemotional, factual numbers in order to start figuring out how to get out of the mess we were in.

> *One side note here that I do not want to get missed: We were dreaming and taking action on starting our business and investing even when we had no money and did have a lot of bad debt.*
> *I say "bad" debt because there is good debt and bad debt. While this lesson is for another time you should know the basics. Bad debt is debt YOU pay off. Good debt is debt used to buy a business or investment that your business or investment pays off.*

Back to Betty the bookkeeper… the key was we had to tell ourselves the truth. You might as well be honest with yourself because it's impossible to figure out where you're going if you don't know where you are. Tell yourself the truth and find out where you are today financially.

Once you know where you are, then you need to figure out where you want to go. To do this you need to determine your money's higher purpose. Is your money's higher purpose to go out and buy stuff, or is the higher purpose to give you more choices and ultimately to give you the freedom

to do what you want to do? I know that's what I wanted for myself with my money. I didn't want to just squander it and then have to keep working, keep working, keep working. I wanted my money working for me so that eventually, I no longer had to work for money.

The next thing to decide is if you are going to be a speculator or if you want to be an entrepreneur and investor. Speculators buy and sell, buy and sell, buy and sell. Speculators are short-term. Investors, on the other hand, buy and hold their investments for the long-term.

Decide which you want to be. The decision defines your goal and how you're going to accomplish it. Robert and I have a very simple goal. Our goal is to have more money coming in every month than goes out every month. When we retired in 1994 we had very little money in savings. We were NOT multi-millionaires. We did not need to be. We simply needed to have more money coming in every month from our investments through cash flow, than we had going out in living expenses. And that's a key word for me: cash flow.

Side note number two: There are two things an investor invests for—capital gains and cash flow. Capital gains is when you buy low and sell high. An example of this is when you buy a stock at $20, the stock goes to $40, and you sell the stock. The profit is called capital gains. Another example is when you buy a house for $100,000, you fix it up, and you sell it quickly for $150,000. Again, your profit is called capital gains.

Cash flow, on the other hand, is when you take that $100,000 house and you rent it out and every month. You collect the rent. You pay the expenses. You pay the debt. If you've managed your property well at the end of every month you'll have a positive profit or cash flow. This cash flow is important because it comes every month, whether we work or not.

When investing for cash flow, you don't have to keep buying and selling, buying and selling, buying and selling. You buy one time, and if you manage it well, then every month that property, that investment or that business, gives you cash flow.

Robert and I did not have millions and millions coming in. We had $10,000 a month coming in from our business and investments, but the key was we only had $3,000 a month going out in living expenses. At that point we were financially free. At that point we no longer had to work for money, we had our money working for us, and that was our goal.

You need to determine your goal. Do you want to go for capital gains? Do you want to go for cash flow? Do you want to accumulate millions of dollars? Do you want so much money coming in every month? What is the goal that you want for yourself? Once you set that goal, then determine your plan to get there.

How are you going to do it? Robert and I had a plan. It wasn't rocket science, it wasn't a 20-page business plan, it was very simply this—accumulate two properties per year for 10 years. At the end of 10 years we would have 20 properties all giving us positive cash flow and at that point we would be free.

That was our plan, but that is not what happened. What did happen was I bought the first property, my little two-bedroom, one-bath house in Portland, Oregon, then bought another, then another. Instead of taking 10 years, we accomplished our goal of 20 properties in 18 months.

It doesn't have to take a long time, and you don't have to accumulate millions of dollars. You do have to get clear on your goal, your plan to get there, and how you're going do it. Whatever your plan and whatever your goal, these 10 steps apply to almost any business and investment goal that you set.

About your business and investment goal—many people talk about "Oh, I'm going live below my means. That's how I'm going to become financially free." They say, "I'm going to live frugally, I'm going to cut up my credit cards, and I'm going to cut out the café lattes." I'm not talking about that. I don't think people are here to live below their means. I know I do not like living below my means. I like to enjoy all the wonderful things in life.

As you're putting your plan together don't just look at how you can cut back and how you can scrimp and how you can save. It is much more important to focus on how you can create the plan to give you the lifestyle that you want and deserve. If you're talking about being financially free, and if you're talking about being rich and independent, then you want to have the lifestyle that you want for the rest of your life.

Pay Yourself First

One other piece of Robert's and my plan was to pay ourselves first. With every single dollar bill that came into our household, we took 30% off the top. We put 10% into a savings account, 10% into an investment account, and 10% into a charity or tithing account. We did this with every single dollar whether it came from a tax refund or a gift or some extra money. Every dollar.

The key was never failing to pay ourselves first. It had to become habit. We never said, "Well, this month you know we need extra tires on the car so we're not going do it this month." It had to be every single dollar.

The most important thing wasn't the percentage amount. You could do 2%, 2%, and 2%. What is most important is the habit of doing it with every single dollar and doing it every single month. The habit is more important than the actual amount. Once you develop good financial habits, you take those into your world of business and investing and create good habits there as well.

Once you embrace paying-yourself-first, you'll be surprised at how fast money will accumulate. With Robert and I, it was money from paying-ourselves-first from our investment account that went to pay for part of the down payment for my very first investment.

STEP #3

Continue to Learn

This is probably the biggest step of all: begin learning about the world of entrepreneurship and investing. This is the biggest step because this process never ends. I am still learning. Learning as much as I can about business and investing.

Today there is so much information coming at you from financial talk shows, magazines, newspapers, and so much more. The hard part of finding knowledge or education about entrepreneurship and investing is that so much of the information is self-serving. It's not knowledge or education, it's a sales pitch. They want to sell you something.

You have to seek out and look for knowledge and education, but you must be careful. The early investor is often the victim. Don't worry. As you learn more and more, finding the right teacher becomes easier and easier to do.

As you're beginning your education, one of the first, and most important, things to do is to learn the vocabulary or language of investing. I keep a financial dictionary next to my desk. I have a real estate investment dictionary next to my desk. I turn on the financial TV programs knowing that they are just sales pitches, but I want to learn the language they're using. The more I listen to it the more I understand it. If I don't understand a word, I look it up.

Every day start learning the language of investing. Sometimes it can be so confusing, so overwhelming, so intimidating when people throw out all this jargon. They love to use the jargon, especially on all the talk shows. Jargon is just words. You can look up the words. Understanding the language is going to give you power. You can get rid of the confusion just by understanding the meanings of the words; it's not that complicated.

One of the best ways I've found to true knowledge and education is through books. I find that books are there just to educate. They want to share their knowledge. Also, subscribe to some good newsletters; there's a lot of great information out there and often their purpose is just to impart information.

Another method is through websites. Go online and there is so much information. Again, you've got to sift through the good information and the bad information, which is only going to come with time and experience, but there's so many ways to get so much information.

What else you'll start to see, which is very exciting, is trends. One of the keys to successful investing is to watch the trends, and that's not saying that every single day you should be watching the market to see if it's up two points, down two points, or what's it doing. Rather, it's noticing overall trends.

Even if you go out into your neighborhood you can see trends. What's happening in your neighborhood? Are people moving in? Are people moving out? That's a trend. If you go downtown, are businesses coming in? What kind of businesses are moving in? Is the economy doing well in your city? Is it doing poorly? That's a trend. So much of learning is just being aware of what's happening around you and being tuned in.

You know, before when I knew nothing about investing, all of that stuff just went over my head. I paid no attention to it. But as soon as I started listening and started learning, all of a sudden this information that I never paid attention to, became very important. So in terms of your financial education, be realistic. It will take some time and it will take some effort. A favorite quote of mine from *As A Man Thinketh* says that people are anxious to improve their circumstances but are unwilling to improve themselves, they therefore remain bound. We all know we should do certain things, but are we willing to do it? And when it comes to financial education, it takes some time and it takes some effort. The question is, are you willing to do what it takes to improve your financial life, to have that peace of mind, to become financially free and independent? The rewards are so great and so worth it, but it's up to you to decide if you're worth it.

Continuing on with financial education, I'm going to give you another tip. This is somewhat of a commercial plug, but then again also not. We have a board game called *CASHFLOW*. Robert and I created this game before writing *Rich Dad Poor Dad* because people kept coming up to us and saying, "How did you get out of the rat race, how did you become financially free, how did you do it?" Instead of Robert and I traveling all over the world, we decided to put our lessons in a board game for two reasons. Number one, we wanted it to be educational, but number two we wanted it to be fun. Money is fun and investing is sometimes is a scary subject, so we wanted to take the fear out of it and put it into a fun environment. It's also something you can do and learn with your friends, with your family. You can get together, support one another, and play the game as often as possible. We're finding that with the *CASHFLOW* game, people that are coming to us and saying they're having great success—you know, they're out of debt, they're financially free, they've got their investment portfolio—about 85% to 90% of them credit playing the *CASHFLOW* game regularly to their success.

There's something about the game that connects with people. You're playing with play money, so you're not losing real money or making real money but you're still learning, which is most important. If you can't get a hold of the *CASHFLOW* board game, there is also CASHFLOW Classic which is based on the original board game but is played Online. People can play any time of day, anywhere with up

to six players, for free. This is a great place to meet and interact with players who have the same goals and wealth aspirations as you do. Now as you're going along, as you're learning about investing, as you're getting more and more financially literate, you're going to find that there are certain investments that you like and that you're interested in, and others that you're not. For example, I love real estate. I've loved it from the day I started. I understand it, it makes sense to me, I'm good at it and I stick with it. I do other investments as well, but real estate is my primary investment. Now my girlfriend who I've been talking to for years about real estate wouldn't touch it. She's an accountant, she's a full-time employee, and she loves the computer. She took classes on trading stock options and started trading options. Now, in all her spare time she's online trading stock options and becoming very, very successful at it.

I have another girlfriend in Australia and she and her son went out and bought a gumball machine. They put this gumball machine in the municipal golf course pro shop and every month they'd go and refill it and take the money. From this gumball machine they made $30 a month. Her son says, "Hey, I want to keep doing this." So she and her son today have almost 400 gumball machines, and they're making close to $12,000 a month off of gumball machines. That's how simple it can be. It doesn't have to be rocket science. As you go along you're going to find the investment that best suits you.

So let's go through the three top asset classes: real estate, paper assets (which are stocks, bonds, mutual funds) and businesses. Here's some things to look for and some of the questions to ask for each asset class.

If you're interested in real estate and investing in real estate, it's no more difficult than getting in your car and driving around your neighborhood or a neighborhood close to you looking for "for sale" signs or for lease/for rent signs. Then, you simply pick up the phone and call the broker who's listed on the sign and ask them some questions.

There are many different questions you may ask:

- Are people living in this neighborhood?
- Are they homeowners or are they renters? Often if it's all homeowners they may not look kindly on renters. But if there are a lot of renters in the neighborhood it may be a good neighborhood to start investing in.
- How much could the property rent for?
- Why is the owner selling?
- What is most important to the owner for selling?
- Do they need to get out of the property quickly?
- Are they looking for the highest dollar amount?

- What's their motivation for selling? If you can find their motivation there may be an opportunity for you to make a better deal.
- What are the downsides, or cons, of this property? What's wrong with the property?
- What are the pluses of the property? What's the upside and what are the pros of the property? Are there other things you can do with the property?
- Is it under-rented?
- Can you raise the rent?
- Can you add a bedroom?
- What can you do to improve the property?
- How many families have moved in or out of the neighborhood in the past 12 months or in the past 24 months?
- What's happening to the area, is it growing or declining?

One simple phone call and you can find out so much information. Don't be afraid to pick up the phone and just ask. You don't even have to tell them your name or give them your phone number. Just ask some questions and you'll find a lot of information about the area. You can also find out information by asking around. Joe Smith is next door and he's cutting his lawn; go talk to him. Neighbors love to tell you about where they live. They love to give you information about the neighborhood. If there's anybody out tending the garden or walking the dogs, ask them about the neighborhood and they'll give you the straight scoop on what's happening in that area. So again, it's not rocket science, it's very simple. It's just a matter of getting out there and doing it.

I know of a family with two kids and on weekends they'll drive around different neighborhoods, go to houses for sale, pull out the fliers that are sitting in those little mailbox things, and they'll play a game. "How much is this house worth?" The kids will guess and the adults will guess and whoever's closest gets an ice cream cone. But simple games like that are fun and the kids are now learning the vocabulary and the thinking behind investing in real estate. It's easy as just getting in your car and driving around.

You could also go to a shopping mall. There's a lot to be said about what's popular at the malls today, and if you can find some experienced, intelligent sales clerk, simply ask them "What are your most popular items today? What's selling? What was selling last year that's not selling this year?" Simple questions like that will be a wealth of information. It'll give you insights into what people are spending their money on and what companies you just might want to explore.

Now, if it's stocks or paper assets that you're most interested in, the people who I see have had the most success with paper assets do one of two things. They find somebody that's doing what they're doing and they learn from them, or they find a highly recommended seminar or study program and apply it. Today there's also many investment clubs that are primarily involved with paper assets. You could go find an investment club, get together, study together, talk about different stocks and different types of paper assets you're investing in, what's working, and what's not working. Again, there's a lot of opportunity. If you can find people who are doing what you want to do and they're successful at it, and learn from them. That will be the greatest accelerator to your learning.

So let's say someone has approached you and they're starting up a business you're interested in. What are the key questions to ask if you're going to invest in someone else's business? Key question number one—who makes up the management? There's a rule of thumb when it comes to business, which is money follows management. So if you have a team of five rookies who have never done this before, who have no track record, your odds of success are going to be pretty slim. Now, if you're starting up a software company and Bill Gates happens to be the chairman of the board, that's something you might want to look at. But again, the key is who makes up the management, their track record, their experience, and their level of success.

The second question I would ask is, "If I'm going to give you this investment money, how's that investment going to be used?" If the answer is "to pay our salaries," run as fast as you can. When starting up a business, if the team is only raising money to pay themselves, they are not doing what's best for the company, in my opinion. I have raised money for companies and I have invested in other companies, but these are companies that took the investment money strictly to grow the company, not to grow the managers' or the owners' pockets. So key number two is find out where those investment funds are going.

Third, if you're investing in a business or an industry, find out as much as you can about the industry. If you're going to invest in somebody's gelato shop, find out about the gelato industry. Is it increasing, is it decreasing, what's it doing, and what makes a gelato store successful? Do your research because if you're going to blindly turn over your money, your odds for success are very slim. But if you're going to research it, you have a better chance.

You've got to take an active role in your investment because this is your money and nobody's going look out for your money better than you are. So find out as much as you can about the industry, even visit other shops and companies within the same industry, and talk to executives within that industry. Learn as much as you can because if you're going to part with your money, you want to make sure you're going get a good return on it.

One other thing you can do to increase your financial education is take field trips. Let's say you're interested in gold and silver. Take a field trip and visit a precious metal store. You can find them in

almost every city. I love gold and silver. I've been investing in silver since about 1987 and today I invest a lot in gold and silver. Why? I love silver because it is a consumable. China and India coming on board, and using a lot of resources. Silver is used in computers, TVs, light bulbs, and so many other different things. There is a limited supply of silver, and the demand for silver is so strong that eventually that demand will drive the price higher and higher.

So go to a coin shop, and even if you don't buy, just ask questions. I'm not talking so much about rare coins, but if you're interested in rare coins, ask about them. But also ask the person behind the counter about gold and silver. What's been the historical trend, what's it been doing, what's it doing today, what are their opinions? Visit as many stores as possible because you'll get all kinds of opinions.

The key to this whole thing of financial education is to ask questions. What's the price today, what was the price last week, what do you see happening? I went to a silver shop the other day and you know what? They're out of silver. They have no more because the demand has been so high. Things like that trigger something in your mind, so visit a precious metal store.

If you're interested in businesses, go to what's called a "business broker." Years ago Robert and I were looking at buying a franchise and we went to this business broker and asked "What kind of franchises do you have?" This broker specialized in food franchises. So we began looking at several different ones and there was one that caught our eye. It was a salad bar. He kind of shook his head and said "Well, I don't know, I don't know." I wondered, "Well what's wrong with the salad bar? It's healthy, people want to get healthier." He says to me, "The key to a successful food franchise is three things: fat, salt, and sugar. The salad bar has none of them, I doubt it's gonna make it." But how would I know that had I not gone and asked the questions?

If you go to a business broker, all they're doing is selling you other people's businesses. It's basically flipping through a book and looking at the income and the expenses. Talk to them and ask what businesses are popular, which ones are not and why. Start right there. A business broker can be a great wealth of information.

So again, get out there, take some field trips, and keep learning. My learning never ends. I will be a lifelong learner when it comes to my finances and many other things. Historically markets go up and markets go down, so the more financial education you have the greater your chances of success no matter what the markets are doing. But that's also a reason why your financial education never ends; because the markets are always changing, real estate's changing, stocks are changing, businesses are changing, trends are changing, so you always want to stay on top of it. You want to have an active pulse on what's happening on your investments. So key number three: get the financial education, learn about the world of investing, and keep learning.

STEP #4

Ask Questions

This next step also goes along with your financial education, but I think it's a key piece so I'm going to give it its own step. Step #4 is meet with brokers and ask questions. Stock brokers, real estate brokers, mortgage brokers, business brokers, meet with anyone you can. The purpose is not to necessarily find the perfect broker. The purpose is simply to ask questions and to listen and to learn.

I would say don't buy anything at this point. It's simply to expand your vocabulary, to listen to how they talk, listen to how they think, and to understand the game of investing. As I said earlier, there's sales pitches and there's people that really want to give you true education. In just a few meetings you'll start to see who's really there to sell you something and who's really there to educate you.

So set up meetings with two or three real estate brokers, stock brokers, business brokers, and mortgage brokers. You might want to bring a friend so you can compare notes. Let's say you're going to a real estate broker. You might say, "Hey, I have some money," but you don't need to tell them how much money you have. Tell them you're just starting out but you plan to be buying more and more properties. This is not a one-time transaction, this is an ongoing process.

Let me make one point here. As you're talking to these brokers—especially if you do find one who really is interested in educating you, is very knowledgeable, and willing to spend the time with you—this is an opportunity to start building a relationship. With my advisors, with my brokers, and with my financial experts that I work with, I want to build the relationship. I'm not in it for the one-time transaction. There are brokers who are transaction oriented; they're just there to do the sale and to get their commission. Then there are other brokers who are relationship oriented. They want to build a relationship, they want to keep you as a client, and they actually want to assist you in growing your investment portfolio. So as you're talking to these people you'll see who are there for just the transaction and who are really in it for the relationship. If you can find a good relationship broker, no matter what asset you're talking about, pursue them a little bit further.

Now again, the purpose is not to buy something. The purpose is just to listen, to learn, and grow your education. It can be a great education. You may find these brokers through referrals, you may find them through ads in papers, you may find them in the phone book, you could find them anywhere.

But once you've made a few phone calls, and you have some brokers who now are willing to spend some time with you, here are some questions you might want to ask:

- What's happening in the market today? Whether it's the stock market, real estate market, or business market, what's happening today and what do you foresee in the future? You'll start to hear how they think and you'll start to hear the vocabulary.
- What is your best investment today and why? If they say, "Oh, they're all great investments," get out of there. Because every successful broker I know has a strategy that they follow, they have a formula that they follow, they have their good investments and their not so good investments. And if they're willing to share them with you, that's very, very valuable. So what is your best investment today and why?
- What investments are you not hot on today and why? What's not working? What stocks aren't working? What do you not like? What area of town have been the best places to invest during the past five years—or not? Because the reasons why they're not hot can be as important, if not more important, than what they think are the great deals.

Again, just by asking these few questions you can gather so much information in just one or two meetings.

You may also say, "This is my first of my many investments," and be honest. Be open with them and let them know that. "This is my first of many investments, where do you recommend I begin?" And just listen. Don't argue, don't say, "Oh, that guy down the street, he said just the opposite of what you were saying." No. You're going to get all sorts of different points of view and your job is to pick out which information is valuable and which isn't. And the more you talk to these people, the easier that's going to be. You'll see the real knowledge from the sales pitch and you'll get so much information very, very quickly.

Step #4: meet with brokers, ask questions, learn. Don't buy anything necessarily, just ask the questions and learn.

STEP #5

Start Understanding the Numbers

Okay, so now you've got some financial education, you're meeting with brokers, you're asking all kinds of questions. It's time to start understanding the numbers. At this point, a lot of people go, "Oh, I'm not good with numbers, oh, my eyes glaze over, oh I'm not good with math." Forget all about that because it's very, very simple. Keep it simple, especially in the beginning. As you have more and more knowledge and experience, the need for more and more numbers and more details will increase, but right now just keep it very simple, not rocket science.

Key number one to understanding the numbers is a thing called return on investment, "ROI." As an investor, the number one thing you want to know is if I put this money down, how much will I get back? If I put $10,000 down, what's my return on my investment? So for example, I put $10,000 down on a rental property, and I rent it out. I receive $100 a month positive cash flow. That's $1,200 a year. My return on investment is $1,200 divided by my down payment of $10,000, or 12%. So I have a return of investment, an ROI, of 12%. If I buy $1,000 worth of stock, the stock goes up, I sell it and my profit is $100, then my ROI is $100 divided by $1,000, or 10%. So in the language of investors, the most important thing they want to know is, what's my return on investment.

Moving on from there, for understanding the numbers, in the early stages keep it simple. Keep it to: What is the price? What is the expected income if any? What are the expenses if any? Will additional money be required from me later on?

For example, in any real estate deal you have the following:

- Your down payment, how much money am I going to put down to acquire this property?
- Your income and your expenses.
- Your day-to-day operations: your taxes, insurance, utilities, and maintenance.
- Your debt or your loan on the property. How much do I have to pay every month to service the debt on this property?

At the end of every month, depending on how you've managed the property, you have a loss or you have a profit known as cash flow.

The smaller the property, the less numbers you're going to deal with. The bigger the property, the more numbers you're going deal with, which we'll talk about a little later.

In most stock or paper asset deals, you're looking at the price, the possibility of income, if there is a dividend being paid off of the stock, expenses, primarily broker's commission, and a profit or a loss. That's as simple as it is. It's just understanding the basics.

Today I work on property deals where I've got pages and pages and pages of income and expenses, but I never could have started there. I started with a little two-bedroom, one-bath house. I had the income from rent, I had my expenses, I had my debt, and I had my cash flow. And it's no more difficult than that, so don't let the numbers scare you. Don't get intimidated by numbers because truly, they just tell the story. The more numbers you're going to see, the more you're going to be able to visualize the property before you even see the property. In many cases, I don't see the property until after I've analyzed all the numbers, made some phone calls, and asked some questions. Then, if I like what I hear and see, I go look at the property. So learn to understand the numbers. It's simple. Keep it to the basics.

STEP #6

It's Time to Jump In

This is the most important step of all. When people ask me what's the most important thing I've learned in all of my investment career, the most important thing is Step #6 which is to start.

You can have all the education in the world—you can study and ask all the questions in the world—but if you don't start, if you don't get in the game, you're never going to make it as an investor. So start and start small. I say start small because you're still learning; this is the first time.

As I mentioned before, I started with a little two-bedroom, one-bath house in Portland, Oregon. Robert started with a little one-bedroom condo in Maui, which he financed on credit cards; that was his down payment. But I say start small because you're still learning, you're on a learning curve. You don't want to bet the ranch because you want to build small successes. You want to have small wins.

I've had some people come to me and say, "I'm gonna develop a hundred-unit apartment building." I said, "Oh, so have you done anything with real estate before?" "Well no, but I—I know I can do this." And you know, maybe they can, but to me that's very, very risky.

People who don't understand investing think what I do is risky. The honest truth is I'm pretty risk averse when it comes to investing. I do my research, I get my education, I learn as much as I can about the investment, and then I put my money in. When I say start small, the other key is to put some money down because when you put some money down, your interest goes through the roof.

There are some investments you should consider starting with. I have a very good friend named Dr. Susan Cortese. Her story is that she was learning about money and investing and she was educating her kids, as well. She and her kids went out and they all opened a savings account at the local bank. After the second month, Susan was looking at these bank accounts and realizing that the bank fees were higher than the interest rate, and every month her kids were losing money.

So what did she do? She went out there and she closed all those bank accounts, and they went to the precious metals store and bought one-ounce silver coins. Now, because they've all put a little money down—they probably paid about $18 an ounce for this—their interest level went through the roof. Every night she and her kids would go online and they'd look if the price of silver was up or down. She would start to read articles in newspapers and magazines about silver and precious metals and what the

trends were, what had been happening, and how the dollar was affecting the price of gold and silver. So, just by putting a little money down she became this quasi-expert in silver. And on top of it, now she's teaching her kids as well.

So start with one or two ounces of silver to get this thing called a commodity, an investment, then go online and study about it. It's a great way to start. While you're at the precious metal store you may want to buy a one-ounce gold coin, which today, near the end of 2015, would probably cost you about $1100. But again, you've now got this investment called gold. Same as silver, you can study it, learn about it. It's a little more expensive than buying silver, it's not a cash flow proposition, it's a buy and hold, but it is tangible value. And instead of putting my money in the bank, I personally like to hold silver and gold instead of dollars.

Another place to start is by buying just a few shares of stock that you've researched. Whenever I buy some stock, I've got it on my computer, I'm checking it every day just because my money is on the line and nobody's going to watch my money better than me. So any stock I buy is on my computer, and I check on it daily. Again, you'll start to see trends within the industry and what other stocks in that industry are doing compared to the stock you've bought. So start with a few shares of stock.

You could also buy a small interest in a real estate deal. Let's say somebody comes to you with a real estate deal and they're looking for investors. You've done your research, you've checked out the property, you're interested in it, and you want to invest in it. You can buy the property without coming up with a whole lot of money, by just putting a few thousand dollars into the deal.

Now, my only word of warning with that is to make sure you've checked out the partners. Make sure you have very, very clear agreements because there's a lot of bad advice out there, and you've got to know the bad advice from the good advice. So if you are going to go into an investment in real estate with people that you may not know that well, please check them out. I can't stress this enough: do your research, check out the property, check out the area, and have very, very clear agreements. Because as we know, money is a very psychotic subject, so you want to make sure that you're putting your money in the best place possible.

Another investment I mentioned earlier was the gumball machine. I think a gumball machine is about $125—$145, and my friend Anna is making $30 a month on one gumball machine. She and her son have a thriving business, but it just started with one simple gumball machine. You can also go into vending machines. I have another girlfriend of mine whose daughter is very much into health food and she is lobbying for her school to put in an organic food vending machine. She's very determined and even though she's 13-years old, I think she's going do it. So a vending machine is another type of investment where you can get monthly cash flow every month that puts money in your pocket.

So the key here in Step #6, is no matter what the investment, start small but start. This is where your learning is going to accelerate the most. Nothing is going to happen unless you get into motion. Nothing is going to happen until you put some money on the line. You're not going to make money with money unless you start. So start, keep looking, and start small.

STEP #7

Seek out Good Advisors

I am asked time and time again if someone should put their team of advisors together before they start investing. I can tell you exactly what I did. I didn't do that. I started first, and then after I had some knowledge and experience, I started to seek out good advisors. Know that over time, and with the more experience you have, your advisors will change. As you become more knowledgeable, you're going to need more knowledgeable advisors.

I don't pretend to have all the answers. I need to have good advisors around me and I'm often asked, "How do you tell a good advisor from a bad advisor?" Well, number one is you talk to a lot of bad advisors. There are a lot of bad advisors out there, and the key is this—are they really advisors or are they sales people? Are they giving you advice? Are they giving you knowledge? Or are they giving you a sales pitch?

The date is November 2015 and by now, many of us have heard, and maybe even experienced the whole sub-prime disaster of 2008. People were taking out mortgages with low interest rates and putting nothing down. When their interest rate increased, their mortgage payments doubled and in some cases tripled. Many of them lost their homes to foreclosures. In 2008, 1.8 million families lost their home to foreclosures. That's tragic. And it's a combination in my opinion of ignorant borrowers and greedy, aggressive lenders. A lot of people in 2007 got some very bad advice from people only wanting to sell something. These advisors were not there to give advice, not there to give knowledge, but to sell a commodity called a mortgage.

So as you're talking to these financial experts, financial planners, brokers, again, ask yourself, "Are they there to sell you something or are they there to really advise you?" When I'm looking for good financial advisors, the first thing I do is go to successful investors, and I ask, "Who are you working with?" And sure enough, they always have somebody and they always have an opinion they're good or bad. Once I have a referral I meet with them, I interview them, and I ask some questions. The most important question I want to find out is, is the advisor, the financial expert, the broker investing in what they are recommending to me? Does the real estate broker invest in real estate?

Does the stockbroker invest in what they're recommending I invest in? Does the financial planner do what they're telling me to do? That's question number one.

I have a fantastic stockbroker named Tom, and I love Tom for three reasons. Number one, he has never, ever given me a hot tip. Number two, he researches every single company that he recommends to us. He goes and visits with the management team, he walks the floor of the plants, he visits the operations. He'll call and invite us to dinner with some of the key management people from time to time, but he does his research. And the third thing is he invests in almost every—maybe every—company he recommends to me. So if he's saying, "Kim, I think you should invest in this," I say, "Are you investing in it?" And he is. So he's putting his money where his mouth is; he's practicing what he preaches. That to me are the three signs of a great financial advisor.

I called Tom the other day and I said, "Tom, you know, everybody's always asking me how do I find good advisors. So how does somebody find somebody like you?" He gave me the four key steps in his opinion. He said if you're looking for a good stockbroker or stock advisor, the key question to ask is, "How long have you been doing what you're doing?" The reason for this, and I didn't know this, is that the new brokers coming on today get much less training. The newbies get a lot less training today than brokers who were coming in 10 or 20 years ago. The reason for that is because most brokerage firms today are more interested in collecting fees than actually in their performance, and that's how most of these new brokers are trained. They're not trained in the fundamentals of a good, solid company to invest in. They're more trained to keep you trading so that they can collect more fees. Therefore their knowledge base is much less.

The other thing you want to find out is the broker's or advisor's personal investment strategy. Are they more passive or are they more active? If they're more passive and they're recommending things such as mutual funds, money market funds, and tax-free municipal bonds, then I guarantee you that strategy is not going to get you rich. If they're more actively involved, as my broker Tom is, and they're researching companies and looking for the next new thing and they're really out there seeking the new companies, then that may be the type of broker you want to look for. If they're passively recommending investments that give you very, very low returns or low yields, that's not the way to become financially free. Is their strategy active investing or passive investing? Ask the broker, "How do you invest your own money?" and find out if they practice what they preach, if they do the research, and if they are investing in the things that they're recommending to you.

Step #7 is very interesting, as well, because this step really is up to you. Do your own research. There is an organization called FINRA.org, and where you can go to check out any financial advisor's records. You can find out things like have they been sued, are there complaints against them, etc. Ideally, you want a broker who's got no marks on the record. That doesn't mean they make money all the time. They certainly can lose money and make money, but they're not being complained about or sued. This is a really very, very good way to safeguard yourself, but that step is up to you to do.

When it comes to real estate brokers, a lot of the same points apply. You want to find a broker who is practicing what they preach, who is investing in real estate, and understands the investment

game from both sides of the equation. That brings up another point, especially if you're just starting out: there are residential real estate brokers and there are investment real estate brokers. They are two very different animals. But if you're starting out and you're looking at single-family homes, most times you're going to be dealing with a residential broker. As you get into duplexes, four-plexes, and apartment buildings, you're going to want to find the investment real estate brokers, and there are many companies that specialize just in investment real estate so seek them out.

When I started out with my little two-bedroom, one-bath house in Portland, Oregon, I met John the real estate agent. John was a residential agent. I had to do a little bit more work because I wasn't quite sure what I was doing and he was not that familiar with selling to somebody who was going to be renting out the property. But long story short, I bought the property. About a month later I called John and I said, "Hey, John, this property's working really well, do you have anything else?" John said to me, "But you have one house, why do you want another?" At that point I knew I was dealing with the wrong type of real estate agent and I went looking for somebody who understood investment real estate. I found a second John real estate agent, but this guy dealt specifically in investment real estate. He was doing exactly what I wanted to do which was looking for properties that bring cash flow. He was on the same path with the same goals. We clicked and I bought a lot of property from him. I also learned a lot from him, as well.

One final tip: pay your brokers well. So often I hear these arguments of trying to nickel and dime the broker, trying to get the commission down. That goes back to transaction versus relationship. Are you looking for a broker you want to develop a relationship with or are you looking for a broker you want to do a one-time transaction with? For me, I'm in it for the long term with my advisors. I want them to make money, I want them to do well.

I'll give you a very quick story. On one of the properties Robert and I were dealing with we had a broker named Craig. He was fabulous and worth his weight in gold. He definitely earned his commission. But this property was surrounded by other potential properties that we could purchase down the road, and we wanted to keep an eye on these properties. So we said to Craig, "You know, Craig, you've done such a great job for us but we kinda want you to keep an eye on and watch what's happening and keep your finger on the pulse on these other properties. So what we're gonna do is we're not just going to give you full commission, we're gonna give you ten percent of the deal as well."

So once we get our money back, he got ten percent of the cash flow; if we ever sell the property, he gets ten percent of the sales price. I'll tell you what, he has done a fabulous job for us. He is worth every single penny, and funny enough, he seems to bring us some of the best deals first. So paying the extra money, paying your brokers well, can pay off for you not just in the money, not just in the relationship, but also in the amount of knowledge that they bring to you every month.

So again, your advisors will change as your knowledge and experience grows. There is no perfect advisor out there, but there are a lot of good advisors if you do your homework. One of the keys to your financial success will be surrounding yourself with great advisors.

STEP #8

Find the Money

Never, ever, ever use the excuse "I don't have money" to keep you from investing because that's all it is, an excuse. When I started out, I did not have the money for that little two-bedroom, one-bath house. As a matter of fact, today when an investment comes up, Robert and I never have the money for it because our money is always being used for other investments. It's always working for us. So when a good opportunity comes up, we have to go scramble for the money.

But here's the key. In those years, especially early on when I was starting out and I did not have the money, it was probably the best thing that could've happened to me. By not having the money, I had to figure out how to find the money. I always say find the investment first, get excited about it, maybe even commit to it to some degree. Then figure out how to get the money, because by saying "I don't have the money," your mind just shuts down. But if you find the investment and then ask yourself "how can I find the money?" your mind goes to work to find it for you.

For example, one time we were buying a 12-unit apartment building in Beaverton, Oregon. Did we have the money? No, we didn't have the money. We needed $50,000 as a down payment. We had nothing. We called this one gentleman in Canada who we knew was a very successful investor, sent him the numbers, sent him the projected cash flow we figured the property would produce, and he called us back immediately. He said, "I'm in for 50%. I'll give you $25,000, I'm in for 50%." I looked at Robert and I said, "Hmm. If he really gets excited about this deal, it must be a really good deal." Then I said, "We gotta do this deal ourselves." Robert looks at me and he goes, "No, we've got the 50% down now, we're halfway there, let's just let him do it." But the greed set in, and I wanted to do this deal myself. So we went back and Robert agreed. So we said "Okay, let's figure out how we're gonna do it."

We scrambled like crazy and we finally came up with $25,000 through various sources, partly from our business, partly from some products we were selling. Then we needed to come up with the other $25,000. So we went around to the banks and lenders and showed them our projections and the financials. We came to the bank that we had been banking with for two months. He knew we had no money in the bank. We sat down with this bank manager and we showed him the numbers and he said, "Boy, you guys got a lot of nerve." He said, "I know exactly what you've got in this bank and it's not

much, and you've got a lot of nerve here coming asking for $25,000." He said, "Even if I were to consider it for just a second, even for just a second, not that I would, but if I were, you'd have to sign this paper so, let's just sign the paper and just get that out of the way."

So Robert and I signed the paper, turned the paper back to him and he looked at us and he said, "Congratulations, you just got $25,000." Now, he had no business giving us that money, but because we were very committed and the numbers worked and they looked good, he basically took a chance on us. And the numbers did work actually after we bought the property. Now, had we said, "Oh, we don't have the money, we can't buy the property," that never would have happened. So find the property or find the investment first, and then figure out how to fund it.

Another time we were looking at some properties in Phoenix. We had enough for one property, but we found two that we liked. We were trying to figure out which one we should do, because we only had enough money for one. Finally we looked at each other and we said, "Well, what if we bought both?" Again, we had to scramble, scramble, scramble to come up with the money and we did. So again, never let "I don't have the money" stop you from investing, because it's a lie.

So where do you find the money? Well, I have a very good friend, Scott, and his business is lending money. He said to me the number one thing any lender wants to know, whether it's an individual or institution or a bank, is how they are going to get their money back. So again, that goes back to understanding your numbers. If you can prove to the lender how you're going to pay that lender back, they'll be much more likely to make that loan to you.

So if you're looking at real estate, a key member to your team would be a mortgage broker. And why is that? Because mortgage brokers know what type of lenders lend on what type of properties. I know I've done this before, I find a property, I need a loan, I go to my bank and the bank says no. Then I think, "Well then, nobody's going to lend to me." But it's not that nobody's going to lend to me, it's that that one bank does not lend on the type of property I was showing them. But there are other lenders that will lend on that type of property. So a mortgage broker's job is to fit your property with a lender. Then it's the lender that pays the mortgage broker's fee, not you. So a mortgage broker can be a really valuable member of your team.

So you've got your regular traditional lending institutions, your banks and such. But there are other ways you can get money, as well. There are what's called "hard money" or "private lenders." These are basically individuals. Their standards are a little stricter, they're short-term lenders, and they have higher interest rates, but sometimes if you're stuck, that might be a way to go.

There is also seller financing on properties. You can have the seller of the property actually become the bank. Back when I started investing, this was very popular. I didn't have to go to a lender for a loan; instead the seller became the lender.

Another way to find the money is by going to friends or family to find a partner. I know a woman who finds the properties and manages the properties. She puts the tenants in there, and oversees all the day-to-day operations. Then she has a partner that puts up the down payment.

They're 50-50 partners. So, if you find an investment that you want to invest in, you may want to go to family, friends, and associates to see if they want to become a partner with you.

Now, having said that—warning please—if you're going to do that, please be careful of who your partner is and have very, very clear agreements. As I said earlier, money is a very psychotic subject. All of a sudden your partner may decide, "I gotta get my money back," and the property or the investment isn't liquid, meaning you can't get your money back quickly. If that type of situation comes up, it can cause a lot of chaos and hurt feelings. I've seen a lot of relationships break up over money and investments. So the key is to have very, very clear agreements and very clear exit strategies. If one of the partners needs to get out, plan ahead to figure out how that happens.

Another simple example is, I once had a friend's son who wanted to buy some silver, but he didn't have the money. He simply went on e-Bay and started selling things. Within one month he had $200 and he went out and he bought his silver. Now, he keeps funding his investments by selling things on e-Bay. The only problem is his father keeps saying things keep disappearing, but he's found a way to start making money. Robert, when he started out and his first few companies did not do well, would go to swap meets and sell inventory to keep the money flowing. The most important thing is to find the investment first and then figure out how to fund it.

Now, one of the questions I'm asked a lot is "Should I borrow against my personal residence?" That's another way to get money: pull money out of your house. That's a personal decision because I judge that by what I call the "sleep factor," or "how well can you sleep at night." Now we're here, end of 2015, and a lot of people have gotten in a lot of trouble because they started borrowing equity out of their homes, not once, not twice, but maybe three or four times. They started using their homes as an ATM. Now the value of their home has dropped and they owe more than their house is worth. So if you're going to consider pulling equity out of your house, be smart about it.

This goes back to your financial education and studying trends. Make sure you are asking yourself, what's the market doing, what are the housing prices doing, what is the business investment doing that you're looking at, so that you can be smart and prepared for the future. Never use "I don't have money" as an excuse. Find the investment first and then scramble to come up with the money.

If I were to tell you today that you could buy XYZ stock for $10 a share, as much as you want, knowing that XYZ stock is selling for $200 a share, would you do everything possible to come up with as much money as you could to buy XYZ stock? Of course you would and that's my point. There's many, many ways to find the money. There's actually a lot of money today looking for a home, looking for a place to invest. It's just looking for the good investments, so in many cases, if you can find a great investment there will be a lot of money available to you to fund it.

STEP #9

Managing Your Investments

Now you've started, you've got some investments, it's time to manage your investments well. Every person today has two professions. Profession number one is what you do for a living. Profession number two is managing and growing your money. It's your money, it's your future, so treat it like a business because it is a business.

Managing your investments well really is a difference between being a passive investor and being an active investor. So often people just blindly turn their money over to a so-called "expert" or financial planner, and they hope and pray that that person can manage and grow their money better than they can. But in many cases that's not what happens.

Case in point, my good friend Kim Snyder, who today now manages and teaches people how to grow their money, had quite the wake-up call. When she was in her 20's, in the middle of the whole dot-com craze, she was involved in this company. The company went public and she got $1 million. Then the company said, "We have this other company that's managing all the money, so why don't you turn your money over to them? They'll manage it, they'll grow it, they'll invest it for you." She said great, because she knew nothing about investing money.

Two years later she got a call and the broker was on the end of the line and he said, "I'm so sorry, things didn't go well." She replied, "What didn't go well?" He said, "Well, your million dollars, it's gone." She was devastated. Any of us would be devastated. A million dollars gone. They just churned the account and lost all her money. That was her wake-up call. She said, "Now I had better take charge of my money. I better learn how to do this. I better learn investing," and today she does that as her career and she's very successful at it. So again, it's the difference between being the active investor or the passive investor.

Once you have your investments, pay attention to them. Be actively involved in them. In real estate, before you purchase, do your due diligence, because in real estate the key to success is managing the property well. You can find a great property and get a good deal, but if the property isn't managed well, you'll lose money every month.

I can tell you my own story. When I started out, I was on the road 80% percent of the year with Robert. We were traveling all over and we had several properties that I turned over to a property manager. Because I knew nothing about management, they managed the property however they wanted, which meant they spent every single dollar we had. We didn't make money on our first few properties because the managers wanted so badly to keep the tenants overly happy that they spent all the profits.

When I moved to Phoenix, I decided I was going to change that and I began managing my own apartment buildings. That's really when I learned how important management is. I managed my own properties for about three years, and then I was confident that I could turn it over to a property manager because I knew how the properties operated. I knew what questions to ask, I knew what criteria to expect. But again, it comes back to being actively involved and hands-on in your investments.

If it's paper assets, it's the same time. You can buy some paper assets, stocks, bonds, and do some trading, but you have to pay attention to the market. Pay attention to the industry you're invested in. Read, study, research. You'll be so much smarter and you'll make more money. Same with business, you've got to pay attention to it. Pay attention to the industry. The more pro-active you are in your investments, the more successful you will be. Managing your investments is as important as finding the investment and funding the investment, because once you've got it, if you don't manage it well, you're going to lose money. But if you do manage it well, you'll make a lot of money.

STEP #10

Investing Is a Process

That brings us to Step #10 which is very simply this—investing is a process. This is not a get-rich-quick scheme. This is not an overnight success story. This is not winning the lottery. This is about taking some time and effort to build your financial future.

I have people say, “Well, I tried what you said, I did what you said and it didn’t work.” And I’m like, “Well, how long did you do it?” “Well, I did it for two months.” Well, two months is not going to get you financially free or independent. You’ve got to give it some time and effort. It’s no different than if you decided you wanted to lose weight and get fit. It’s going to take more than going to the gym three times to get fit. So remember, this is a process; give it some time.

I started investing in 1989. Robert and I were financially free by 1994. We had more money coming in than we had going out. It took us five years. It took us another five years to become what I call rich, so that’s 10 years altogether. Five years to become financially free, 10 years to become rich. People are doing it a lot quicker these days than we did. Maybe we were a little slow, but all I’m saying is give yourself time and be realistic.

If you have $50,000 in credit card debt, you’re going to have to work harder than somebody that has no debt. But let me tell you this: in terms of the whole process, what’s most important and what’s been most important for me hasn’t been the end goal. The end goal of becoming financially free is a great, great, great goal. It gives you choices, it allows you to do the things you want to do in your life. It allows you to spend time with your kids or travel or start your business to simply have the luxury to ask yourself now what it is you want to do with your life. That’s the beauty of financial freedom. But I found what’s even more important when I talk about this being a process, is who I have become in the process. Because the end goal is a worthy goal, but what is even more valuable is who you become in the process. The learning, the wins, facing the challenges, overcoming fear and self-doubt, having the successes like getting out of debt, building your own investment portfolio, making money, becoming financially secure, and all the other things that it takes to get there, I am not the same person I was when I started in 1989.

One of the beauties of this whole process, for me personally, is that I've become more self-confident. I've become smarter. I've made more money, and I'm now doing the things I truly want to do. So when I talk about the process, there are a lot of steps. There are mistakes that are made along the process. There are wins you have along the way. But the most important thing is, if you keep going, if you don't quit and you keep pursuing it, you will become stronger. You will become smarter. You'll become more self-confident, and you will become richer. Who you become in the process is actually more important than the end goal itself.

There are two final points I want to bring up. I talk about mistakes, and so many people say "Oh, I'm so afraid of making a mistake." Well, in the world of investing, there will be mistakes. But if you can look at mistakes from the growth mindset where mistakes are welcomed, they become less scary. I don't like making mistakes, but when I make them I know that I'm going to get smarter. I'm going to learn from them, and the next investment I do is going to be even better because of the lesson I learned. All a mistake does is teach you something you didn't know. In order to grow, we need to find out what it is we don't know. Mistakes are how we grow and how we learn. All we need to do is recognize the lesson and apply it.

The final point I want to make is that as you're moving forward, as you're growing, as you're getting stronger, as you're investing, there will be people around you who are not going to support you. There are going to be people around you who are going to say, "Oh, are you crazy? You're going to lose everything. You can't do that. Are you nuts? You're going to make mistakes. Who told you you could invest?" These people are going to tell you all the reasons why you can't do it and why it can't work. These are the people, to be honest, you don't need in your life. I call them negative people.

I made the decision years ago to get the negative people out of my life. I found they held me back, they crushed my creativities, they squashed my dreams. It was a struggle being around them. I think the reason they are so negative is because as you move forward and as you grow, they see that they're not growing and that threatens them. So my final tip is to surround yourself with people moving in the same direction you're going. Find people who want the same dreams, who are going for the same goals, who are going to support you and encourage you and who you can support and encourage as well. Surround yourself with people who build you up, not pull you down. If you can do that, your life will be happier, healthier, wealthier and you will have much greater success.

Thank you so much for reading this ebook. I trust it was of value to you. I wish you the very best of success in taking these 10 investment steps and creating the financial future and independence you want and deserve.

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